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CABINET

CONCLUSIONS of a Meeting of the Cabinet  
held at 10 Downing Street on  
THURSDAY 27 NOVEMBER 1980  
at 10.30 am

PRESENT

The Rt Hon Margaret Thatcher MP  
Prime Minister

The Rt Hon William Whitelaw MP  
Secretary of State for the Home Department

The Rt Hon Lord Hailsham  
Lord Chancellor

The Rt Hon Lord Carrington  
Secretary of State for Foreign and  
Commonwealth Affairs

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer

The Rt Hon Sir Keith Joseph MP  
Secretary of State for Industry

The Rt Hon Francis Pym MP  
Secretary of State for Defence

The Rt Hon Lord Soames  
Lord President of the Council

The Rt Hon Sir Ian Gilmour MP  
Lord Privy Seal

The Rt Hon Peter Walker MP  
Minister of Agriculture, Fisheries and Food

The Rt Hon Michael Heseltine MP  
Secretary of State for the Environment

The Rt Hon George Younger MP  
Secretary of State for Scotland

The Rt Hon Nicholas Edwards MP  
Secretary of State for Wales

The Rt Hon Humphrey Atkins MP  
Secretary of State for Northern Ireland

The Rt Hon Patrick Jenkin MP  
Secretary of State for Social Services

The Rt Hon Norman St John-Stevas MP  
Chancellor of the Duchy of Lancaster

The Rt Hon John Nott MP  
Secretary of State for Trade

The Rt Hon Mark Carlisle QC MP  
Secretary of State for Education and Science

The Rt Hon John Biffen MP  
Chief Secretary, Treasury

**SECRET**

The Rt Hon Angus Maude MP  
Paymaster General

THE FOLLOWING WERE ALSO PRESENT

Rt Hon Sir Michael Havers QC MP  
Attorney General (Items 6 and 7)

The Rt Hon Norman Fowler MP  
Minister of Transport

The Rt Hon Michael Jopling MP  
Parliamentary Secretary, Treasury

SECRETARIAT

Sir Robert Armstrong  
Mr M D M Franklin (Items 2 and 3)  
Mr P Le Cheminant (Item 5)  
Mr R L Wade-Gery (Items 2-4)  
Mr R M Hastie-Smith (Item 6)  
Mr W N Hyde (Items 1, 6 and 7)  
Mr D J L Moore (Items 4 and 5)  
Mr L J Harris (Items 1 and 7)

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PARLIAMENTARY  
MATTERS

1. The Cabinet were informed of the business to be taken in the House of Commons during the following week.

Immigration

THE PRIME MINISTER, summing up a brief discussion, said that the Cabinet noted that the Opposition might wish to raise the issues covered by the Yellowlees Report on the medical examination of immigrants during the half-day debate on immigration arranged at their request for Thursday 4 December. The Report, which was likely to be highly contentious because of its implications about the effect of immigration on health and social conditions, would have to be published in full, but this could not be done in time for the debate. The Home Secretary should endeavour to ascertain from the Opposition spokesman on home affairs whether what the Government had so far said about the conclusions of the Report was likely to form a major part of the debate, and, if so, to propose to him that it should be deferred until after the Report had been published.

The Cabinet -

Invited the Home Secretary to approach the Opposition spokesman on home affairs on the lines indicated in the Prime Minister's summing up.

FOREIGN  
MATTERS  
-  
Africa

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that on Namibia agreement had now been reached to hold a meeting of all the interested parties in January, probably in Maputo. This was encouraging, but prospects were still very uncertain.

Business  
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and  
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( ) 17th  
Sessions,  
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THE FOREIGN AND COMMONWEALTH SECRETARY said that the Minister of State, Foreign and Commonwealth Office, Mr Ridley, was at present in the Falkland Islands and engaged in talks with the islanders. In the light of a somewhat misleading headline on the Islands' future in The Times of 26 November, it would be made clear in Parliament that the Government regarded the wishes of the islanders as paramount.

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THE FOREIGN AND COMMONWEALTH SECRETARY said that the latest developments in Poland appeared to have increased the danger of the Polish Government deciding, perhaps in the near future, that they could not go on giving way to the workers' Solidarity union and that force must therefore be used to clamp down. In that event the Polish Government might attempt to rely on their own resources, ie the militia and possibly workers who supported the regime, rather than on Soviet military intervention. Urgent consideration was being given to how the West should react to such a development.

THE FOREIGN AND COMMONWEALTH SECRETARY said that he had just authorised expenditure of a further £80,000, from the funds available to him for disaster relief, in addition to the help which Britain had already provided in the context of the recent earthquake in Italy. This meant that all requests from the Italian authorities had been met. In the light of doubts which had been expressed he would seek to ensure suitable publicity in Britain for the help that was being given.

The Cabinet -

Took note.

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that, at its meeting on 25 November, the Council of Ministers (Foreign Affairs) had failed to agree on arrangements for imports of New Zealand butter following the end of the present arrangements on 31 December 1980. The French Foreign Minister had refused to agree to any commitment beyond one year, despite earlier indications that the French could have accepted a two-year arrangement. They were seeking to link this and other decisions with the budget restructuring exercise. The German representative had reneged on the position taken up previously by the German Government in the Agriculture Council and on the assurances the Federal Chancellor had given to the New Zealand Prime Minister to support a three-year arrangement. The matter would now go back to the Council of Ministers (Agriculture), although he had warned his colleagues on the Foreign Affairs Council that the Prime Minister might now raise the question at the forthcoming meeting of the European Council.

In a brief discussion it was noted that, if no agreement were reached before the end of the year, the Commission would probably in practice allow the continued entry of New Zealand butter on preferential terms; but the future would remain uncertain, and the French Government would be in a position to exploit the situation in connection with next year's



agricultural price fixing, which was their immediate preoccupation. It was in fact in the Community's interest to reach an agreement since the cost of disposing of the Community's surplus butter would rise if, as the result of a failure to agree, New Zealand refused to co-operate with the Commission over exports to third markets.

THE CHANCELLOR OF THE EXCHEQUER said that, following an all-night session, the Council of Ministers (Budget) had agreed on certain amendments to the draft Community budget for 1981 which went in the direction desired by the European Parliament. These changes, which involved both token reductions in agricultural expenditure and increases in non-obligatory expenditure, would help to avoid a deadlock between the Council and the Parliament. Further negotiations would take place next month. It was desirable that agreement should be reached; otherwise budget refunds to the United Kingdom would be at risk.

The Cabinet -

Took note.

4. THE HOME SECRETARY said that, at the meeting later in the day of the National Joint Council of Local Authorities' Fire Brigades, representatives of the Fire Brigades Union (FBU) and of the employers would discuss further the dispute over the employers' refusal to offer the 18.8 per cent increase in pay which was due to the firemen under the terms of the present pay agreement. The employers had decided by a majority of 18 to 12 to offer 6 per cent, in line with the provision for pay in the Rate Support Grant cash limit, rather than 18.8 per cent as they had originally intended. It was uncertain whether they would hold to that view in the further discussions. For their part, the FBU were deeply resentful of the employers' failure to honour the agreement, and had threatened that, if they were not now offered 18.8 per cent, they would undertake a series of one-day strikes of which, apart from the first strike, they would give no warning. The difficulties would be more acute than in the last strike because this time the National Association of Fire Officers had voted overwhelmingly to support strike action, and it was likely that control room staff would also join in. The Retained Firefighters Union, representing part-timers in rural areas, would not strike, but individuals belonging to other unions would be under pressure not to answer fire calls during strikes. Under the contingency plans to provide emergency fire cover, about 800 Green Goddess fire engines would be available and 9,000 troops including 700 specialists with breathing apparatus. Inexperienced troops really needed the expert supervision of fire officers to deal with fires effectively and at minimum



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risk to themselves; if the fire officers were on strike it would be very difficult for the local authorities to find anyone for that task, even after calling for volunteers from among retired fire officers. The local authorities had also made clear that in the event of sporadic strike action they would be unwilling to meet their obligation to pay for keeping the troops on standby. It was not clear to him how the dispute would be resolved. Individual firemen would lose relatively little pay from one-day strikes, and the action could continue for a considerable time. Other unions were unlikely to reach settlements which would set a precedent so long as they could hope to improve their own negotiating position by waiting for a favourable settlement for the firemen. In the meantime he remained of the view that, having made their position clear to the local authorities, the Government should now leave them to reach their own decisions in the negotiations.

In discussion the following points were made -

a. Whatever the outcome the Government were likely to be blamed. Although the Government were not a party to the negotiations, general public opinion was that they were in practice responsible for the decision to break an agreement which they had hitherto supported, in Government as well as in Opposition. If there were to be loss of life in a fire as a result of the strike, the blame would be laid at the Government's door for provoking industrial action. Some local authority employers considered that the Government had pushed them into confrontation, and they would be critical of any suggestion that they did not now have the full support of the Government.

b. Leaders of the Trades Union Congress had indicated privately that, while they would back the FBU's claim to the hilt, they would not similarly support other unions who tried to secure similar settlements; but this indication was not quotable and was at odds with the public stance of some unions (notably the National Union of Public Employees) who had made clear that they would take the firemen's settlement as a precedent for them. It was essential that the firemen's settlement should not lead to such knock-on effects.

c. The local authority employers should be reminded that they had flexibility for negotiating a settlement with the firemen. The factor of 6 per cent applied to the local authority pay bill overall. This left them free to give more to firemen if they made offsetting savings by paying other groups less or by increasing manpower savings. This would be consistent with the situation in 1980-81, when the overall local authority cash limit had been 13 per cent but the firemen had reached a settlement leading to increases of 24 per cent on their average earnings. The employers should

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also be advised that as part of the settlement they should secure the unions' agreement to discuss with them and with the Home Office the proposals for future manning levels set out in the consultative document on future fire policy. In negotiating a settlement they should also make clear that the present pay agreement would not necessarily operate in future; there were indications that the FBU would accept that.

THE PRIME MINISTER, summing up this part of the discussion, said that the Cabinet recognised that, unless the firemen's dispute was resolved quickly, strike action would lead to risk of life and of property and that the Government would be widely regarded as responsible. The Secretary of State for the Environment should discuss the situation with representatives of the local authorities before the meeting of the National Joint Council later in the day. He should remind them that they had flexibility in negotiating a settlement. The provision in the cash limit for the increase in the overall local authority pay bill was limited to 6 per cent but, within that global total, it was open to them to offer relatively more to firemen and to find offsetting savings, either by lower pay settlements for other groups or by reductions in manning levels. They should be left in no doubt that the Government would not raise the overall cash limit following the firemen's settlement in order to accommodate any knock-on settlements which other groups might seek to negotiate. The Secretary of State for the Environment should also urge the employers to agree with the unions that they should discuss together, and with the Home Office, future manning levels in the light of the consultative document on future fire policy and of the outcome of the pay negotiations. He should further invite them to ensure that the settlement explicitly recognised that the terms of the present pay agreement with the firemen could not stand indefinitely and would not necessarily apply to the next settlement. The employers should be urged to continue to negotiate within this framework until they reached a settlement, and to avoid any breakdown in the talks.

The Cabinet -

1. Invited the Secretary of State for the Environment to discuss the negotiations on the firemen's pay settlement with representatives of the local authority employers before the meeting later in the day of the National Joint Council of Local Authorities' Fire Brigades, and to be guided in these discussions by the Prime Minister's summing up of their discussion.



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THE PRIME MINISTER, summing up a short discussion, said that the Cabinet would wish to discuss at their next meeting the timing and level of the hospital and community health service cash limit. They had previously agreed to defer a final decision on this cash limit on the ground that the unions concerned would delay negotiations on the pay of National Health Service ancillary workers until they had a clear idea of the likely outcome of the negotiations on the pay of local authority manual workers. On the other hand delay in settling this limit cast doubts on the Government's overall intentions for the pay factor in cash limits and made it more difficult to conduct negotiations with groups, such as the university technicians and teachers, to whom cash limits incorporating the pay factor of 6 per cent already applied.

The Cabinet -

2. Invited the Chancellor of the Exchequer, in consultation with the Secretary of State for Social Services, to circulate in time for discussion at their meeting on 4 December a memorandum making proposals on the timing and level of the hospital and community health service cash limit.

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THE HOME SECRETARY said that a settlement of the prison officers' dispute on terms acceptable to the Government now seemed possible, although it remained to be seen whether the Executive Committee of the Prison Officers' Association would be willing to recommend their members to accept his offer. The position should become clearer during the following week.

The Cabinet -

3. Took note.

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5. The Cabinet considered a memorandum by the Chief Secretary, Treasury (C(80) 73) on public expenditure in 1982-83 and 1983-84.

THE CHIEF SECRETARY, TREASURY, said that his memorandum summarised the policy reductions and increases in programmes, other than the nationalised industries, by comparison with the revalued figures for 1982-83 and 1983-84 in the last Public Expenditure White Paper (Cmnd 7841). He would discuss further with the Ministers responsible for local authority services whether the published figures for local authority expenditure should be in terms of global totals or, as in the last White Paper, broken down between services. He recognised

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that some Ministers would prefer to show global totals only, on the grounds that the decision on distribution between particular services lay with the authorities themselves; on the other hand the Treasury and Civil Service Committee would press for a full breakdown to be given.

The Cabinet -

1. Endorsed the reductions and additions to spending plans in 1982-83 and 1983-84 listed in Tables 1 and 2 attached to C(80) 73.
2. Invited the Chief Secretary, Treasury, to consider further with the Ministers concerned (including the Chancellor of the Duchy of Lancaster) the presentation in the next Public Expenditure White Paper of the Government's plans for local authority expenditure and for expenditure on arts and libraries.

6. The Cabinet considered a memorandum by the Secretary of State for Foreign and Commonwealth Affairs about the forthcoming request from the Canadian Federal Parliament to patriate the Canadian Constitution with additional provisions for an Amending formula, a Bill of Rights and an equalisation formula (C(80) 69).

THE LORD PRIVY SEAL said that a joint committee of the Canadian House of Commons and Senate was now studying the resolution and was due to report by 9 December. However the resolution was strongly opposed by the majority of the Provincial Governments and the Conservative Opposition, and it seemed probable that the Canadian Government would not be able to get the matter cleared in the Federal Parliament before Christmas, and might find it difficult to send the proposed legislation to London by the middle of January. The Canadian Prime Minister had already been given an undertaking regarding patriation, but it had been made clear to Canadian Ministers that the proposed inclusion of a Bill of Rights was liable to cause controversy and delay in this country. Although Mr Trudeau's request might seem unreasonable, the Government could deal only with the Canadian Federal Government and Parliament, and there was no alternative to acceding to a request duly received from that Parliament. The legality of the request under Canadian law was, however, being challenged in the Canadian provincial courts. Whatever view might be taken of the likely outcome of such a challenge when it eventually reached the Federal Supreme Court, there could be real difficulty about giving effect to a request while the issue remained "sub judice" in the Canadian courts, where it seemed unlikely that the matter would have been resolved before the Canadian Federal Parliament sent the joint



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Address to Westminster. The Canadian Federal Government had so far been unwilling to seek to expedite matters by themselves referring the issue to their own Supreme Court for a ruling. Meanwhile indications of controversy were already starting to appear in Parliament and the Press in this country.

THE ATTORNEY GENERAL said that the sub judice rule in the Westminster Parliament did not apply in respect of litigation overseas. There would be no technical objection to Her Majesty's Government acting on a request from the Canadian Government to introduce a Bill at Westminster, even before the legality of the request in Canadian law had been established in the Canadian courts, and such a measure would not be invalidated by a subsequent ruling in the Supreme Court of Canada that the request had been ultra vires. But in the light of the recent letter from the Canadian High Commissioner, confirming that this was a matter which could be taken to the Canadian courts and eventually from a provincial court to the Supreme Court of Canada, the Westminster Parliament would be heavily criticised if it legislated before the Supreme Court of Canada had heard the case, even if it was technically entitled to do so.

In discussion it was argued that the effect of the preamble to the Statute of Westminster was to preclude Parliament from amending any Bill introduced at the request of a dominion Government, since if it were amended the Bill would cease to be one which gave effect to that request. It was suggested, however, that it might be unwise to rely on this protection alone to protect a Bill from liability to amendment: it would be desirable to reinforce the protection by suitable wording of the long title of the Bill, on the basis of the advice already given by Parliamentary Counsel.

In further discussion the following additional points were made -

a. The consequences of refusing to accede to the Canadian request, or of delaying a response on grounds which did not seem reasonable to the Canadians, could be extremely serious for Anglo-Canadian relations. Mr Trudeau was likely to pursue the issue with great determination.

b. The degree of difficulty which the legislation encountered at Westminster would affect the speed of its passage. A number of the Government's supporters were unhappy with the proposals. Many members of the Opposition were likely to support the Bill because it had the backing of the left wing in Canada, but they also had backbenchers who were likely to be critical. The legislation's passage would be greatly eased if it was introduced after it had been established that the request was intra vires in Canadian law.



THE PRIME MINISTER, summing up the discussion, said that the Cabinet agreed that the Government were bound to accede to a duly approved request by the Canadian Government and Parliament to introduce a Bill in the Westminster Parliament, and could not "look through" the request to the attitudes of Canadian provincial governments and minority interests. But it was clear that there was likely to be difficulty in Parliament in following this course of action, at least so long as it was not established whether the request was intra vires in Canadian law. In these circumstances the Government should send a personal message (or emissary) to Mr Trudeau, to make it clear that, while the United Kingdom was firmly committed in principle to introducing in the Westminster Parliament whatever measure was requested by the Canadian Government and Parliament, the passage of the Bill at Westminster would be very greatly eased and speeded up, if the request could be delayed until the Supreme Court of Canada had advised that it was intra vires in Canadian law. It would be for the Canadian Government to consider whether to expedite matters by referring the issue for a ruling to the Canadian Supreme Court themselves without waiting for the provincial courts to do so.

The Cabinet -

1. Took note, with approval, of the Prime Minister's summing up of the discussion.
2. Invited the Foreign and Commonwealth Secretary to consider the best method and terms of conveying an appropriate message to the Canadian Government and to inform the Cabinet of their response.

7. The Cabinet considered a memorandum by the Lord President of the Council (C(80) 71) about the remuneration of junior Ministers in the House of Lords.

THE LORD PRESIDENT OF THE COUNCIL said that the present pay of junior Lords Ministers, at £16,400 for Ministers of State and £12,500 for Parliamentary Secretaries, bore no relation to their responsibilities. They had similar Departmental duties to Commons Ministers, and had also to undertake a good deal of work in the House of Lords on behalf of other Departments. Lords Ministers who lived outside London received no allowance towards maintaining a second home, although Commons Ministers with constituencies outside London could claim such an allowance. The salary of a Lords Minister who relinquished his post ceased immediately, whereas a Commons Minister might continue to receive his salary as a Member of Parliament. There was no doubt that



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several junior Lords Ministers were in serious financial difficulties, and one or more of them might well have to resign if they were not paid the additional remuneration which they were expecting following the statement made to the House of Commons by the Prime Minister on 7 July 1980. After the last discussion of the problem by the Cabinet, he had commissioned a report from officials on ways in which the remuneration of junior Lords Ministers might be improved. The report by officials attached to C(80) 71 concluded that an increase could best be effected by means of an amendment to the Ministerial and Other Salaries Act 1975. It recommended that the increase should be of £3,500, about half the Parliamentary salary paid to Commons Ministers. Officials also recommended that the opportunity should be taken to deal with some anomalies in the 1975 Act so that Ministerial salary increases could be paid retrospectively, and Prime Ministers could be given greater freedom to determine the composition and size of their Cabinet. He invited the Cabinet to endorse these recommendations, and to consider the further recommendation by officials that the additional remuneration should be paid to all Ministers and office-holders in the House of Lords.

In discussion it was argued that the efficient conduct of Government business in the House of Lords was dependent upon the availability of junior Ministers of suitable quality, and that the Government should be prepared to pay the rate for the job. On the other hand, it would be politically indefensible to pay salary increases of the order of 25 per cent to members of the Government at a time when an effort was being made to hold public sector pay settlements generally to 6 per cent. Several difficult questions on Parliamentary pay and pensions, including indexing, remained to be resolved in the House of Commons. There would be no chance of their being resolved satisfactorily if increases not recommended by the Top Salaries Review Body (TSRB) were to be paid to Lords Ministers when the full increases recommended by the TSRB had not been paid to Members of the House of Commons. The presentational difficulties would, however, be lessened if any increase was paid as an allowance rather than as an increase in basic salary; the previous decision not to allow Ministers to claim an attendance allowance might need to be looked at again. It appeared, however, from the report by officials that an allowance could not properly be paid except by means of an amendment to the 1975 Act, in which case appropriate provisions to ensure that the allowance was not taxable might be included in the legislation.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet fully accepted the case for increasing the remuneration of junior Lords Ministers. For the presentational reasons mentioned in discussion, they considered that any such increase should be paid by means of a tax-free allowance rather than as an addition to Ministerial salaries. The Lord President of the Council should now arrange for the

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possible form of such an allowance to be studied in more detail, and should put revised proposals to the Cabinet for final decision in due course.

The Cabinet -

1. Agreed that the remuneration of junior Ministers in the House of Lords should be increased by the payment of an allowance.
2. Invited the Lord President of the Council to consider the best way of introducing such an allowance, and to make a further report to the Cabinet.
3. Agreed to resume their consideration of the remuneration of other Ministers and office-holders in the House of Lords, and of other possible amendments to the Ministerial and Other Salaries Act 1975, at a later meeting.

Cabinet Office

27 November 1980